



Executive Director's

Report to the  
Board of Harbor Commissioners

**DATE: SEPTEMBER 25, 2024**

**FROM: WATERFRONT & COMMERCIAL REAL ESTATE**

**SUBJECT: RESOLUTION NO. \_\_\_\_\_ - SECOND ENVIRONMENTAL FUNDING AGREEMENT BETWEEN CHEVRON ENVIRONMENTAL MANAGEMENT COMPANY AND THE CITY OF LOS ANGELES**

**SUMMARY:**

Staff requests approval of the Second Environmental Funding Agreement (Agreement) between Chevron Environmental Management Company (Chevron) and the City of Los Angeles Harbor Department (Harbor Department). The proposed Agreement is required at this time to facilitate reimbursement to the Harbor Department for the second phase of soil remediation undertaken at a contaminated site located at Berth 78 (Site) in an amount of up to \$3,271,123. The Harbor Department's contractors performed the soil remediation work at the Site to avoid the potential for different contractors to be on the Site at the same time and duplicating work. Reimbursement of expenses incurred under the proposed Agreement are the financial responsibility of Chevron, with the Harbor Department's financial responsibility limited to staff time.

**RECOMMENDATION:**

It is recommended that the Board of Harbor Commissioners (Board):

1. Find that the Director of Environmental Management has determined that the proposed action is administratively exempt from the requirements of the California Environmental Quality Act (CEQA) under Article II Section 2(f) of the Los Angeles City CEQA Guidelines;
2. Approve the Second Environmental Funding Agreement with Chevron Environmental Management Company;
3. Authorize the Executive Director to execute and Board Secretary to attest to the Agreement; and
4. Adopt Resolution No. \_\_\_\_\_.

**DISCUSSION:**

Background - From approximately 1950-1999, Union Oil leased the fuel storage and dispensing site under Revocable Permit No. 93-34. It was used to service tugboats and fishing vessels. The Site comprised approximately 0.2 acres of land and was once bordered to the north by the San Pedro Fish Market, to the south by the Los Angeles Harbor Cruise and Whale Watching Offices, to the east by a seawall, and to the west by a sidewalk and Nagoya Way. The Revocable Permit terminated on its own terms.

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EMC**

Between 1999 and 2002, Chevron removed three diesel, one lube oil, and one waste oil underground storage tanks and performed excavation of hydrocarbon-impacted soil and groundwater. Chevron received case closure from the Regional Water Quality Control Board (Regional Board) in a “no further action” letter dated December 9, 2004. However, it was later discovered that residual contamination remained at the Site and had migrated to adjacent properties. At that time, Chevron was unable to access and excavate the residual contamination due to existing buildings and overhead and underground utilities.

On May 6, 2010, the Regional Board reopened the case and issued a new directive to Chevron to undertake additional assessment and corrective action in response to elevated levels of petroleum hydrocarbons in soil and the presence of light non-aqueous phase liquid on the groundwater. Chevron submitted several revisions of a Soil Management Plan (Plan). The Regional Board approved the initial Plan in April 2018. The Plan was implemented in connection with development of the promenade and as needed during demolition and redevelopment of the former Ports O’ Call development.

At its meeting of May 16, 2019, the Board approved Agreement 19-3656, the First Environmental Funding Agreement (Transmittal 1), covering costs of up to \$904,641 incurred by the Harbor Department and reimbursable by Chevron for Phase I cleanup at the Site. Chevron reimbursed the Harbor Department for that work, and the Environmental Funding Agreement for Phase I work terminated on its own terms.

In May and June 2023, Chevron performed additional soil assessment activities, outlined in several workplans approved by the Regional Board, to determine the extent of soils to be remediated for Phase II remediation work. The Regional Board approved the proposed Phase II excavations in a letter dated August 7, 2023. Approval of the proposed Agreement (Transmittal 2) action will enable the Harbor Department to receive reimbursement for the costs associated with the Phase II cleanup and corrective actions at the Site.

**ENVIRONMENTAL ASSESSMENT:**

The proposed action is the approval of the Agreement with Chevron for the reimbursement of costs associated with the second phase of soil remediation at the site, which is an administrative activity. Therefore, the Director of Environmental Management has determined that the proposed action is administratively exempt from the requirements of CEQA in accordance with Article II Section 2(f) of the Los Angeles City CEQA Guidelines.

**FINANCIAL IMPACT:**

Approval of the proposed Agreement will enable the Harbor Department to receive reimbursement from Chevron in an amount of up to \$3,271,123 for soil cleanup and corrective actions undertaken in accordance with the Plan and related Phase II cleanup documents.

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As per the terms of the proposed Agreement, the Harbor Department’s contractors have estimated that soil cleanup and corrective actions undertaken in accordance with the Plan and subsequent documents totaled \$3,271,123. This estimate is based on actual costs and includes \$96,231 to cover characterization technical support, remediation oversight, and reporting.

**CITY ATTORNEY:**

The Office of the City Attorney has prepared and approved the proposed Second Environmental Funding Agreement as to form and legality.

**TRANSMITTAL:**

- 1. First Environmental Funding Agreement
- 2. Environmental Funding Agreement

FIS Approval: JS  
 CA Approval: SO

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APPROVED:

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EUGENE D. SEROKA  
 Executive Director

ES:DAZ:MG:HP:jt  
 BL1057jt – Chevron Reimbursement Agreement Phase II